

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 768 – SB 907

April 18, 2017

SUMMARY OF ORIGINAL BILL: Clarifies that a trustee, deputy trustee, or delinquent tax attorney may deliver written notice of an intended seizure by certified, registered, or first class mail.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENTS (005253, 007224): Amendment 005253 deletes all language after the enacting clause. Authorizes an assessor of property, beginning January 1, 2017, to presume a mobile home that is used as a residence and is attached to real property, pursuant to Tenn. Code Ann. § 67-5-802, is classified as residential for the purpose of property taxation.

Amendment 007224 establishes a 15 acre minimum for property classified as forest land under the *Agricultural, Forest, and Open Space Land Act*. Transfers the responsibility for taxpayer appeals of forest land eligibility determination from the State Forester to the county boards of equalization and the State Board of Equalization (SBOE). States that this legislation applies to tax years beginning January 1, 2017.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase Local Revenue – \$242,800

Decrease Local Revenue - \$278,000/Permissive

Assumptions for the bill as amended relative to mobile homes:

- Pursuant to Tenn. Code Ann. § 67-5-802, any movable structure or appurtenance that is attached to real property by virtue of being on a foundation, underpinned, or connected with any utility service is required to be assessed as real property containing a land improvement; however, in cases where movable structures are attached to land occupied and used as a trailer or mobile home park where the owner of the land is renting spaces or lots for maintaining movable structures, the owner of the movable structures is

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required to pay for the property tax imposed by the improvement and the land owner is granted a lien against the structure to secure payment of municipal and county property taxes.

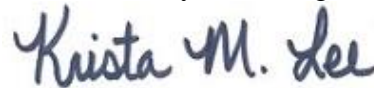
- Pursuant to Tenn. Code Ann. § 67-5-501(4), all real property that is used, or held for use, for dwelling purposes that contains two or more residential units is classified as industrial and commercial property.
- Pursuant to Article 2, Section 28 of the Tennessee Constitution, residential property is assessed at 25 percent of its value and commercial real property is assessed at 40 percent of its value.
- This legislation would authorize property assessors to classify all mobile homes attached to real property as residential. Any action taken by a property assessor to reclassify rented mobile home properties is permissive.
- Based on information provided by the Comptroller of the Treasury, the permissive total statewide recurring decrease in local property tax revenue resulting from the reclassification of land sub-classified as commercial to residential is estimated to be \$278,000.

Assumptions for the bill as amended relative to forest land:

- Tenn. Code Ann. § 67-5-1004 currently allows any land constituting a forest unit engaged in the growing of trees under a sound program of sustained yield management to qualify as forest land and also authorizes land with 15 acres or more to qualify as forest land.
- Based on information provided by the Comptroller of the Treasury (Comptroller), forest land has administratively been interpreted as a 10 acre minimum.
- This legislation will establish a minimum of 15 acres for all forest land, resulting in a recurring increase in local property tax revenue of \$242,800.
- Based on information provided by the Comptroller, any increase in appeals of forest land determinations to the SBOE can be addressed within existing resources. Any impact to state government is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/amj